

**WYOMING
PUBLIC SCHOOLS
Kent County, Michigan**

Comprehensive Annual Financial Report

For the year ended June 30, 2006

WYOMING PUBLIC SCHOOLS
Table of Contents

For the year ended June 30, 2006

Financial Section

<i>Independent Auditor's Report</i>	1
---	---

<i>Management's Discussion and Analysis</i>	3
---	---

<i>Basic Financial Statements</i>	11
---	----

District-wide Financial Statements:

Statement of Net Assets.....	12
------------------------------	----

Statement of Activities	13
-------------------------------	----

Fund Financial Statements:

Governmental Funds:

Balance Sheet	14
---------------------	----

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	15
--	----

Statement of Revenues, Expenditures and Changes in Fund Balances	16
--	----

Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	17
--	----

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General Fund	18
--	----

Fiduciary Fund:

Statement of Fiduciary Assets and Liabilities	19
---	----

Notes to Basic Financial Statements	20
---	----

Supplemental Information

Combining and Individual Fund Statements and Schedules:

General Fund	38
--------------------	----

Comparative Balance Sheet	39
---------------------------------	----

Comparative Schedule of Revenues	40
--	----

Comparative Schedule of Expenditures	42
--	----

WYOMING PUBLIC SCHOOLS
Table of Contents

For the year ended June 30, 2006

Nonmajor Governmental Funds	47
Combining Balance Sheet	48
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	50
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Food Service Special Revenue Fund	52
Athletics Special Revenue Fund	53
Special Revenue Funds	54
Food Service Special Revenue Fund:	
Comparative Balance Sheet	55
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances	56
Athletics Special Revenue Fund:	
Comparative Balance Sheet	58
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances	59
Debt Service Funds	61
Combining Balance Sheet	62
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	64
Capital Projects Fund	66
Building and Site Fund:	
Comparative Balance Sheet	67
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances	68
Agency Fund	69
Student Activities Agency Fund:	
Statement of Changes in Assets and Liabilities	70
Other Information:	
Summary of 2005 Taxes Levied and Collected	72

Federal Financial Assistance Programs Supplemental Information Issued Under Separate Cover

FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

August 18, 2006

The Board of Education
Wyoming Public Schools

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Wyoming Public Schools (the "District") as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's elected officials and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major fund and the aggregate remaining fund information of Wyoming Public Schools as of June 30, 2006, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 18, 2006 on our consideration of Wyoming Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Wyoming Public Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford, Aldrin, Nichols & Carter, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

WYOMING PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2006

As management of the Wyoming Public Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District.

- The first two statements, the Statement of Net Assets and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
 - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

District-wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets, and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base, economic factors that might influence state aid revenue, and the condition of school buildings and other facilities.

WYOMING PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2006

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

Condensed District-Wide Financial Information

The Statement of Net Assets provides financial information on the District as a whole.

	<u>2006</u>	<u>2005</u>
Assets		
Current assets	\$ 12,603,055	\$ 12,757,649
Noncurrent assets	<u>48,056,178</u>	<u>49,544,202</u>
Total Assets	<u>60,659,233</u>	<u>62,301,851</u>
Liabilities		
Current liabilities	8,614,786	9,406,492
Long-term liabilities	<u>42,496,521</u>	<u>45,289,844</u>
Total Liabilities	<u>51,111,307</u>	<u>54,696,336</u>
Net Assets		
Invested in capital assets, net of related debt	4,295,525	3,660,553
Restricted	1,285,620	1,511,197
Unrestricted	<u>3,966,781</u>	<u>3,062,608</u>
Total Net Assets	<u>\$ 9,547,926</u>	<u>\$ 7,605,515</u>

The results of the fiscal year's operations for the District as a whole are presented in the Statement of Activities, which shows the change in total net assets for the year.

WYOMING PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2006

The Statement of Activities presents changes in net assets from operating results:

	2006	2005
Program Revenues		
Charges for services	\$ 1,895,954	\$ 1,344,686
Operating grants	10,695,169	9,513,394
General Revenues		
Property taxes	11,839,609	11,652,466
State school aid, unrestricted	32,489,830	32,051,129
Interest earnings	339,563	184,456
Loss on disposition of capital assets	(15,894)	(155,808)
Other	708,262	505,876
Total Revenues	57,952,493	55,096,199
Expenses		
Instruction	32,070,982	34,299,963
Supporting services	18,173,990	14,620,468
Community services	51,803	63,060
Food service	2,278,213	1,981,640
Athletics	1,145,390	1,108,197
Other	8,675	29,167
Interest on long-term debt	2,281,030	1,650,726
Total Expenses	56,010,082	53,753,222
Increase in net assets	1,942,411	1,342,977
Net Assets - Beginning of Year	7,605,515	6,262,538
Net Assets - End of Year	\$ 9,547,926	\$ 7,605,515

Financial Analysis of the District as a Whole

The District's financial position is the product of many factors. Revenue growth for the year ended June 30, 2006 was progressive. The general revenues are controlled by the State of Michigan. The majority of the District's revenue comes from the foundation allowance as determined by the legislature. Local property taxes received for operating purposes generate from non-homestead property. Any such taxes received only reduce the amount that the State pays for the foundation allowance. Property taxes received for debt service are paid by homestead and non-homestead property owners. The amount received for the foundation grant is not affected by debt service taxes received.

For the year ended June 30, 2006, the foundation allowance was set by the legislature to be at a minimum of \$6,875 per pupil. This is the first increase in the foundation allowance in three years.

WYOMING PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2006

In addition, our enrollment decreased from 5,690 (full-time equivalent) to 5,677 for the current year. That decrease of 13 students resulted in \$89,375 less in revenue compared to the previous year. The combination of state aid and a declining student population are causing increasing pressure on resources used to provide expected quality educational services.

Growth in expenditures for the current year was primarily due to increases in the cost of labor. For the year ended June 30, 2006, the District was in the last year of the three year contracts with the teachers and support staff unions. Including steps, the contractual increases were in the range of 3% to 4%. In addition, health insurance costs increased about 15-17%, depending on the coverage. The employer contribution rate to the Michigan Public School Employees Retirement System (MPERS) increased from 14.87% to 16.34%. Subsequent changes in MPERS (FY 2006-07) will see an increase of 1.4 basis points up to 17.74%, which will cause increased pressure on the District's fund balance.

For the year ended June 30, 2006, the district-wide increase in net assets was \$1,942,411 compared to a increase of \$1,342,977 in the previous year. On the revenue side, the District experienced an increase in grant and state aid funding providing an increase in net assets by \$599,434. For the first time in three years, the state increased the foundation allowance from \$6,700 to \$6,875 per pupil. Although the \$175 per pupil foundation grant improved revenue, the increased expenditure for items such as mandatory retirement and other related fringes quickly eroded away any positive net effect. On the expenditure side of the ledger, the District is continuing cost containment operations which are keeping expenses in check.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed, short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

WYOMING PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2006

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Wyoming Public School's funds are described as follows:

Major Fund

General Fund

The General Fund is the primary operating fund. The General Fund had total revenues of \$50,768,482, total expenditures of \$49,975,402, total other financing sources of \$31,145, and total other financing uses of \$840,640. It ended the fiscal year with a total fund balance of \$5,202,623, down from \$5,219,038 as of June 30, 2005. A commonly used term in school business is the ratio of *unrestricted* fund balance divided by total expenditures; this term is called the "percentage of fund balance". Wyoming Public Schools "percentage of fund balance" for this year ending June 30, 2006 is 10.4%.

Nonmajor Funds

Special Revenue Funds

The District operates Special Revenue Funds for the food service and athletics programs. Total revenues and other financing sources of the Food Service Fund were \$2,144,929, with total expenditures of \$2,252,853. The combining ending fund balance totaled \$106,293.

Total operational revenues for the Athletic Fund were \$177,459, with total expenditures of \$1,052,677 and ending fund balance totaling \$14,640. In fiscal year 2005-06, the District relied on volunteer booster groups and other fund raisers to help offset the costs of athletics. By relying on booster groups, the General Fund transfer was \$820,000, approximately the same as it has been the previous three years.

Debt Service Funds

The District operates five Debt Service Funds. Total revenues were \$4,627,435 and total expenditures were \$4,797,150. The ending fund balances in the Debt Service Funds totaled \$676,622.

Building and Site Fund

The District sold the former Horizon's High School building in the previous fiscal year for \$1,000,000 with a down payment of \$150,000 with the balance on a land contract. Principal collections on the land contract in 2005-06 totaled \$266,197. The expenditures of \$124,985 were capital improvements to facilities. The ending fund balance at June 30, 2006 totaled \$287,927.

Fiduciary Funds

The Student Activity Fund is operated as an Agency Fund of the District. The assets of this funds are being held for the benefit of the District's students. Balances on hand at June 30, 2006 totaled \$416,668.

WYOMING PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2006

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times to comply with Michigan Department of Education guidelines. These budget amendments fall into the following categories:

- Changes made in November to account for the final student enrollment that determines how much foundation grant state school aid will be received during the fiscal year. At that time staffing budgets are also adjusted to reflect the actual enrollment and class size needs.
- Changes made throughout the year to reflect changes in grant funding and other needs, such as utilities.
- Final changes made in June for increases in appropriations to prevent budget overruns and decreases to reflect changes in estimates.

Although the District's final budget revision for the General Fund anticipated that expenditures would exceed revenue by \$359,131, the actual results for the year only reflected a \$16,415 deficit. Due to the budget concerns, the budget control officers were encouraged to not expend their budgets wherever possible during the past school year. The District procedurally closes all unnecessary purchases late March/early April to better assess the anticipated financial results by June 30th.

Capital Asset and Debt Administration

Capital Assets

By the end of fiscal year 2006, the District had invested \$79.7 million as the original cost in a broad range of capital assets, including land, school buildings, athletic facilities, computer equipment and software, and administrative offices. The book value of these assets, net of accumulated depreciation, was \$47.5 million as of June 30, 2006. (More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.) Total depreciation expense for the year approximated \$1.4 million.

The District is planning a \$14.5 million bond issue in February 2007 to refurbish carpets, replace old desks and chairs, and for building needs during the 2007-08 fiscal year.

The District investment in capital assets (net of accumulated depreciation) is detailed as follows:

Land	\$ 509,246
Land improvements	426,883
Buildings and additions	45,984,804
Furniture and equipment	476,977
Vehicles	<u>105,065</u>
Net Capital Assets	<u><u>\$ 47,502,975</u></u>

WYOMING PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2006

Long-Term Debt

At year end, the District had \$45.3 million in general obligation bonds and other long-term debt outstanding – a net reduction of \$3.4 million from last year.

- The District continued to pay down its debt, retiring \$2.5 million of outstanding bonds, loans and leases.

The District's bond rating for General Obligation, Unlimited Tax debt remains "Aa3". The State limits the amount of general obligation debt that school districts can issue to 15 percent of the assessed value of all taxable property within a district's boundaries. The District's other obligations include compensated absences and capital leases. We present more detailed information about our long-term liabilities in the Notes to Basic Financial Statements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The end of fiscal year 2006 marked the expiration of the last three-year contracts with the teachers and support staff unions. The District recently concluded mutually successful negotiations with all labor groups resulting in a new three year contract beginning in 2007 and expiring in 2010. The contract will provide stable labor relations for District operations.
- The health insurance coverage the District provides eligible employees has seen a second year of double-digit increases. The District has implemented for "non-union" employee groups the recently approved *West Michigan Health Insurance Plan*. This health insurance provides a reduction of costs equating to an approximate savings of 8% for those covered.
- The State of Michigan continues to struggle with decreased revenues. Strong "grassroots" pressure on Michigan legislature has allowed an increase in the foundation grant of \$210 per pupil. The foundation grant for fiscal year 2006-07 is increasing to \$7,085, which, if it holds, should allow modest improvements in the educational processes of Wyoming Public Schools.
- Energy costs for the District are causing increasing pressure on the operational costs of heating, electric and diesel transportation of students. To offset the costs, the District is reviewing a concept called "performance contracting" to determine potential energy savings by replacing lighting/motors and by changing behavior to become more energy conscious.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Marc R. Faber, Director of Finance, Wyoming Public Schools, 3575 Gladiola, S.W., Wyoming, MI 49519. Or, you may contact using e-mail at FaberM@wyoming.k12.mi.us.

BASIC FINANCIAL STATEMENTS

WYOMING PUBLIC SCHOOLS
Statement of Net Assets
June 30, 2006

	Governmental Activities
Assets	
Current Assets	
Cash equivalents, deposits and investments (Note B)	\$ 3,642,619
Taxes receivable (Note C)	436,712
Accounts receivable	280,221
Current portion of land contract receivable	30,600
Due from other governmental units (Note C)	7,780,955
Inventory (Note A)	128,686
Prepaid expenses	303,262
Total Current Assets	<u>12,603,055</u>
Noncurrent Assets	
Land contract receivable, net of current maturities	553,203
Capital assets (Note E)	79,777,020
Less accumulated depreciation	(32,274,045)
Net Capital Assets	<u>47,502,975</u>
Total Noncurrent Assets	<u>48,056,178</u>
Total Assets	<u>60,659,233</u>
Liabilities	
Current Liabilities	
Accounts payable	1,010,561
Due to other governmental units	1,162,546
Payroll withholdings payable	4,442
Accrued interest payable	349,089
Salaries payable	3,051,239
Deferred revenue	250,279
Current portion of long term obligations	2,786,630
Total Current Liabilities	<u>8,614,786</u>
Noncurrent Liabilities (Notes A, F)	
General obligation bonds payable	42,230,000
Durant nonplaintiff bonds payable	1,036,275
Installment purchase agreements payable	31,000
Capital leases payable	44,860
Early retirement incentive	553,517
Accumulated sick leave	1,387,499
Current portion of long term obligations	(2,786,630)
Total Noncurrent Liabilities	<u>42,496,521</u>
Total Liabilities	<u>51,111,307</u>
Net Assets	
Invested in capital assets, net of related debt	4,295,525
Restricted for:	
Debt service	413,890
Capital outlay	871,730
Unrestricted	3,966,781
Total Net Assets	<u>\$ 9,547,926</u>

See accompanying notes to basic financial statements.

WYOMING PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Assets
		Charges for Services	Operating Grants	
Governmental Activities				
Instruction	\$32,070,982	\$ 92,516	\$ 8,239,332	\$(23,739,134)
Supporting services	18,173,990	868,275	950,393	(16,355,322)
Community services	51,803	24,106	-	(27,697)
Food service	2,278,213	735,784	1,382,201	(160,228)
Athletics	1,145,390	175,273	-	(970,117)
Other	8,675	-	-	(8,675)
Interest on long term debt	2,281,030	-	123,243	(2,157,787)
Total Governmental Activities	<u>\$56,010,082</u>	<u>\$ 1,895,954</u>	<u>\$10,695,169</u>	<u>(43,418,959)</u>
General Revenues				
Taxes:				
Property taxes, levied for general operations				7,450,697
Property taxes, levied for debt service				4,388,912
State school aid, unrestricted				32,489,830
Interest and investment earnings				339,563
Loss on sale of capital assets				(15,894)
Other				708,262
Total General Revenues				<u>45,361,370</u>
Change in Net Assets				1,942,411
Net Assets - Beginning of Year				<u>7,605,515</u>
Net Assets - End of Year				<u>\$ 9,547,926</u>

See accompanying notes to basic financial statements.

WYOMING PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2006

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Assets			
Cash equivalents, deposits and investments (Note B)	\$ 2,351,599	\$ 1,291,020	\$ 3,642,619
Taxes receivable (Note C)	350,867	85,845	436,712
Accounts receivable	26,597	-	26,597
Due from other funds (Note D)	272,652	39,282	311,934
Due from other governmental units (Note C)	7,749,041	31,914	7,780,955
Inventory (Note A)	84,636	44,050	128,686
Prepaid expenditures	168,065	-	168,065
Land contract receivable	-	583,803	583,803
Total Assets	<u><u>\$ 11,003,457</u></u>	<u><u>\$ 2,075,914</u></u>	<u><u>\$ 13,079,371</u></u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 983,980	\$ 26,581	\$ 1,010,561
Due to other funds (Note D)	23,569	268,115	291,684
Due to other governmental units	1,156,630	5,916	1,162,546
Payroll withholdings payable	4,442	-	4,442
Salaries payable	3,035,452	15,787	3,051,239
Deferred revenue	596,761	674,033	1,270,794
Total Liabilities	<u><u>5,800,834</u></u>	<u><u>990,432</u></u>	<u><u>6,791,266</u></u>
Fund Balances			
Reserved for:			
Debt service	-	676,622	676,622
Capital outlay	-	287,927	287,927
Unreserved:			
Undesignated, reported in:			
General fund	5,202,623	-	5,202,623
Special revenue funds	-	120,933	120,933
Total Fund Balances	<u><u>5,202,623</u></u>	<u><u>1,085,482</u></u>	<u><u>6,288,105</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 11,003,457</u></u>	<u><u>\$ 2,075,914</u></u>	<u><u>\$ 13,079,371</u></u>

See accompanying notes to basic financial statements.

WYOMING PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2006

Total governmental fund balances		\$ 6,288,105
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$79,777,020 and accumulated depreciation is \$32,274,045.		47,502,975
Net bond premium and refunding, discount and issuance costs are not expensed but are amortized over the life of the new bond issue.		135,197
The land contract receivable generated from the sale of property is recognized as revenue on the Statement of Activities in the year of sale.		583,803
Accounts receivable generated from computer services provided are recognized as revenue on the Statement of Activities in the year of sale.		233,374
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$(42,230,000)	
Durant non-plaintiff bonds	(1,036,275)	
Installment purchase agreements	(31,000)	
Capital leases	(44,860)	
Early retirement incentive	(553,517)	
Accumulated sick leave	(1,387,499)	(45,283,151)
Accrued interest is not included as a liability in governmental funds.		(349,089)
Deferred revenue recognized as revenue in the full accrual statements:		
Property taxes		436,712
Total net assets - governmental activities		<u><u>\$ 9,547,926</u></u>

See accompanying notes to basic financial statements.

WYOMING PUBLIC SCHOOLS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2006

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Revenues			
Local sources	\$ 9,088,927	\$ 5,719,568	\$ 14,808,495
State sources	34,622,487	251,271	34,873,758
Federal sources	2,887,789	1,254,173	4,141,962
Interdistrict sources	4,169,279	-	4,169,279
Total Revenues	<u>50,768,482</u>	<u>7,225,012</u>	<u>57,993,494</u>
Expenditures			
Current:			
Instruction	31,172,398	-	31,172,398
Supporting services	15,038,934	-	15,038,934
Community services	49,925	-	49,925
Food service	-	2,219,292	2,219,292
Athletics	-	1,052,677	1,052,677
Capital outlay	33,348	124,985	158,333
Debt service:			
Principal repayment	-	2,505,949	2,505,949
Interest and fiscal charges	-	2,324,762	2,324,762
Interdistrict	3,352,612	-	3,352,612
Sub-grantee reimbursements	328,185	-	328,185
Total Expenditures	<u>49,975,402</u>	<u>8,227,665</u>	<u>58,203,067</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>793,080</u>	<u>(1,002,653)</u>	<u>(209,573)</u>
Other Financing Sources (Uses)			
Transfers in	31,145	840,640	871,785
Transfers out	(840,640)	(31,145)	(871,785)
Total Other Financing Sources (Uses)	<u>(809,495)</u>	<u>809,495</u>	<u>-</u>
Net Change In Fund Balances	<u>(16,415)</u>	<u>(193,158)</u>	<u>(209,573)</u>
Fund Balances, Beginning of Year	<u>5,219,038</u>	<u>1,278,640</u>	<u>6,497,678</u>
Fund Balances, End of Year	<u><u>\$ 5,202,623</u></u>	<u><u>\$ 1,085,482</u></u>	<u><u>\$ 6,288,105</u></u>

See accompanying notes to basic financial statements.

WYOMING PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2006

Net change in fund balances - total governmental funds \$ (209,573)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and the cost is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital outlays	\$ 191,143	
Depreciation expense	<u>(1,451,476)</u>	(1,260,333)

As some delinquent personal property taxes will not be collected for several years after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. 7,716

Collections on the land contract receivable are revenues in the governmental funds, but decrease noncurrent assets in the Statement of Net Assets. (266,197)

Accounts receivable generated from computer services provided are recognized as revenue on the Statement of Activities in the year of sale. 233,374

Net bond refunding cost, discount and issuance costs are amortized over the life of the new bond issue on the Statement of Activities. (8,675)

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold. (15,894)

Repayment of principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities:

Repayment of bonds	2,474,949	
Repayment of installment purchase agreements	31,000	
Repayment of capital leases	<u>42,256</u>	2,548,205

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities however, interest expense is recognized as the interest accrues regardless of when it is paid. 43,733

In the Statement of Net Assets, accumulated sick leave is measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits used/paid (\$1,085,472) exceeded the amounts earned (\$215,418). 870,054

Total changes in net assets - governmental activities \$ 1,942,411

See accompanying notes to basic financial statements.

WYOMING PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2006

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local sources	\$8,345,073	\$ 8,953,673	\$ 9,088,927	\$ 135,254
State sources	34,461,251	34,526,093	34,622,487	96,394
Federal sources	2,775,074	3,004,725	2,887,789	(116,936)
Interdistrict sources	4,017,319	3,951,561	4,169,279	217,718
Total Revenues	<u>49,598,717</u>	<u>50,436,052</u>	<u>50,768,482</u>	<u>332,430</u>
Expenditures				
Current:				
Instruction:				
Basic programs	24,520,235	24,720,040	24,768,050	(48,010)
Added needs	6,280,309	5,775,998	6,114,370	(338,372)
Adult education services	272,748	279,445	289,978	(10,533)
Supporting services:				
Pupil services	1,417,390	1,515,151	1,582,133	(66,982)
Instructional staff services	2,558,190	2,586,223	2,389,320	196,903
General administrative services	947,760	897,566	861,336	36,230
School administrative services	2,582,257	2,614,262	2,644,129	(29,867)
Business services	862,841	904,806	935,232	(30,426)
Operation and maintenance services	4,107,991	4,068,303	4,123,448	(55,145)
Pupil transportation services	1,398,972	1,480,846	1,511,448	(30,602)
Central services	851,331	1,040,292	991,888	48,404
Other supporting services	41,871	-	-	-
Community services	20,186	66,687	49,925	16,762
Capital outlay	-	33,348	33,348	-
Interdistrict	3,796,918	3,924,088	3,680,797	243,291
Total Expenditures	<u>49,658,999</u>	<u>49,907,055</u>	<u>49,975,402</u>	<u>(68,347)</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(60,282)</u>	<u>528,997</u>	<u>793,080</u>	<u>264,083</u>
Other Financing Sources (Uses)				
Transfers in	-	31,008	31,145	137
Transfers out	(915,730)	(919,136)	(840,640)	78,496
Total Other Financing Sources (Uses)	<u>(915,730)</u>	<u>(888,128)</u>	<u>(809,495)</u>	<u>78,633</u>
Net Change In Fund Balances	<u>(976,012)</u>	<u>(359,131)</u>	<u>(16,415)</u>	<u>342,716</u>
Fund Balances, July 1	<u>5,219,038</u>	<u>5,219,038</u>	<u>5,219,038</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$4,243,026</u></u>	<u><u>\$ 4,859,907</u></u>	<u><u>\$ 5,202,623</u></u>	<u><u>\$ 342,716</u></u>

See accompanying notes to basic financial statements.

WYOMING PUBLIC SCHOOLS
Fiduciary Fund
Statement of Fiduciary Assets and Liabilities
June 30, 2006

Assets

Cash equivalents, deposits and investments (Note B)	<u>\$ 416,668</u>
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Liabilities

Due to other funds	\$ 20,250
Due to student groups	<u>396,418</u>

Total Liabilities	<u><u>\$ 416,668</u></u>
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See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

WYOMING PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Note A – Summary of Significant Accounting Policies

Wyoming Public Schools was organized under the School Code of the State of Michigan and services a population of approximately 5,730 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, preschool programs, athletic activities, special education, vocational education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of Wyoming Public Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District’s accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-Wide and Fund Financial Statements

District-Wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

WYOMING PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund is the District's only major fund. Non-major funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

WYOMING PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service and Athletics Funds.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Fiduciary Fund net assets and results of operations are not included in the district-wide financial statements. Fiduciary funds are reported using the economic resources measurement focus.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the district-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Wyoming Public Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief adminis-

WYOMING PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

trative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the fund level. All appropriations lapse at the end of the fiscal year.

Wyoming Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and the Business Manager to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

7. Inventory

Inventories are valued at cost (first-in, first-out). Inventories of the General Fund consist of teaching and custodial supplies. Inventories of the Food Service Fund consist of food, unused commodities and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund.

8. Capital Assets

Capital assets, which include land, land improvements, buildings, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

WYOMING PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and additions, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings and additions	40-50 years
Vehicles	5-10 years
Furniture and equipment	3-10 years

9. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

10. Early Retirement Incentive/Accumulated Sick Leave

Early retirement incentive and accumulated sick leave at June 30, 2006 has been computed and recorded in the basic financial statements of the District. Eligible District employees who select early retirement are entitled to a termination leave payment based on their age and years of service. Employees who leave the District are also entitled to reimbursement for a portion of their unused sick days. At June 30, 2006, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for early retirement incentive and accumulated sick leave amounted to \$553,517 and \$1,387,499, respectively.

11. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

12. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

13. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

WYOMING PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Note B – Cash Equivalents, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- United States or federal obligation repurchase agreements.
- Banker's acceptances of United States Banks.
- Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.
- Surplus funds investment pools.

Balances at June 30, 2006 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Assets:	
Governmental activities	\$ 3,642,619
Fiduciary Funds:	
Agency Fund	<u>416,668</u>
	<u><u>\$ 4,059,287</u></u>

Cash Equivalents and Deposits

Depositories actively used by the District during the year are detailed as follows:

1. Byron Bank

Cash equivalents consist of bank public funds checking and NOW accounts. Deposits consist of certificates of deposit.

WYOMING PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

June 30, 2006 balances are detailed as follows:

Cash equivalents	\$ 3,506,958
Deposits	552,339
	<u>\$ 4,059,287</u>

Custodial credit risk

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents and deposits was \$4,059,287 and the bank balance was \$6,160,170. Of the bank balance, \$100,000 was covered by federal depository insurance and \$6,060,170 was uninsured.

Investments

As of June 30, 2006 the District had no surplus funds that are classified as investments.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by law. Investments in U.S. Treasury securities and those other securities completely guaranteed by the Treasury as to payment of principal and interest may be purchased in any dollar amount or up to 100% of the available reserves.

Interest Rate Risk

The District minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Concentration of Credit Risk

The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security.

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2005 ad valorem State Education Taxes generated within the Wyoming Public School District, and paid to the State of Michigan, totaled \$5,430,113.

WYOMING PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February, 2005 and September, 2005. The 2005-06 "Foundation Allowance" for Wyoming Public Schools was \$6,875 for 5,664 "Full Time Equivalent" students, generating \$34,758,697 in state aid payments to the District, of which \$6,273,637 was paid to the District in July and August, 2006 and included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund of the District.

Property taxes for the District are levied July 1 and December 1 under a split-levy system by the City of Grandville and the City of Wyoming. The taxes are then collected by each governmental unit and remitted to the District. The County of Kent, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30. Delinquent personal property taxes receivable are detailed as follows:

Tax Year	General	Debt Service	Total
2005	\$ 102,069	\$ 26,651	\$ 128,720
2004	164,335	38,635	202,970
2003	83,203	20,559	105,022
	<u>\$ 350,867</u>	<u>\$ 85,845</u>	<u>\$ 436,712</u>

Taxes receivable are offset by deferred revenue in the General and Debt Service Funds of the District. Taxes uncollected after three years from the date of levy are written off the books of the District.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

Wyoming Public Schools electors previously approved a ten year operating millage extension in June 1996 for the 18 mill non-homestead property tax.

The District levied 4.7 mills in 2005 for debt service purposes, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A, taxable property is now divided into two categories: homestead and non-homestead.

Homestead property is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage", nor any additional voted millage for the retirement of debt.

Non-homestead property is considered to be all property not qualifying for a homestead exemption, which includes all commercial and industrial property. Non-homestead property is subject to all District levies.

WYOMING PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Note D – Interfund Receivables/Payables and Transfers

Amounts due from (to) other funds representing interfund receivables and payables, resulting from inter-fund property tax collections and expenditure reimbursements, are detailed as follows:

	Due From	Due To
General Fund:		
Special Revenue Funds:		
Food Service Fund	\$ 202,475	\$ —
Athletics Fund	—	23,569
Capital Projects Fund:		
Building and Site Fund	49,927	—
Trust Account Agency Fund:		
Student Activities Fund	20,250	—
Total General Fund	<u>272,652</u>	<u>23,569</u>
Special Revenue Funds:		
Food Service Fund:	—	202,475
General Fund		
Athletics Fund:		
General Fund	<u>23,569</u>	<u>—</u>
	23,569	202,475
Debt Service Funds:		
1997 Debt Fund:		
1999 Debt Fund	—	5,901
1999 Debt Fund:		
1997 Debt Fund	5,901	—
2003 Debt Fund	392	—
2005 Debt Fund	9,420	—
2003 Debt Fund:		
1999 Debt Fund	—	392
2005 Debt Fund:		
1999 Debt Fund	<u>—</u>	<u>9,420</u>
Total Debt Funds	15,713	15,713
Capital Projects Fund:		
Building and Site Fund:		
General Fund	—	49,927
Trust Account Agency Fund:		
Student Activities Fund:		
General Fund	<u>—</u>	<u>20,250</u>
Total All Funds	<u><u>\$ 311,934</u></u>	<u><u>\$ 311,934</u></u>

WYOMING PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Interfund transfers during the year ended June 30, 2006 we as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Special Revenue Funds:		
Food Service Fund	\$ —	\$ 20,640
Athletics Fund	—	820,000
Enrichment Fund	31,145	—
Total General Fund	<u>31,145</u>	<u>840,640</u>
Special Revenue Funds:		
Food Service Fund:		
General Fund	20,640	—
Athletics Fund:		
General Fund	820,000	—
Enrichment Fund:		
General Fund	—	31,145
Total Special Revenue Funds	<u>840,640</u>	<u>31,145</u>
Total All Funds	<u>\$ 871,785</u>	<u>\$ 871,785</u>

The General Fund transfer to the Athletic fund was made to pay the General Fund's share of support for the athletic program for the fiscal year. The General Fund transfer to the Food Service Fund was made to properly allocate indirect costs between the funds. The Enrichment Fund transferred it's remaining balances to the General Fund.

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Balances July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2006</u>
Capital assets not depreciated:				
Land	\$ 509,246	\$ —	\$ —	\$ 509,246
Capital assets being depreciated:				
Land improvements	1,650,569	14,999	—	1,665,568
Buildings and additions	71,460,578	—	—	71,460,578
Furniture and equipment	4,268,288	176,144	47,552	4,396,880
Vehicles	1,744,748	—	—	1,744,748
 Totals at historical cost	 <u>79,633,429</u>	 <u>\$ 191,143</u>	 <u>\$ 47,552</u>	 <u>79,777,020</u>

WYOMING PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

	<u>Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u>
Less accumulated depreciation for:				
Land improvements	\$ 1,159,188	\$ 79,497	\$ —	\$ 1,238,685
Buildings and additions	24,323,412	1,152,362	—	25,475,774
Furniture and equipment	3,814,151	137,410	31,658	3,919,903
Vehicles	1,557,476	82,207	—	1,639,683
Total accumulated depreciation	<u>30,854,227</u>	<u>\$1,451,476</u>	<u>\$ 31,658</u>	<u>32,274,045</u>
Net Capital Assets	<u>\$ 48,779,202</u>			<u>\$ 47,502,975</u>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 1,010,424
Supporting services	291,096
Community services	1,878
Food service	55,365
Athletics	92,713
	<u>\$ 1,451,476</u>

Note F – Long-term Debt

Amounts available and to be provided for outstanding long-term debt at June 30, 2006 are summarized as follows:

	<u>Bond Issues</u>	<u>Installment Purchase Agreements</u>	<u>Capital Leases</u>	<u>Early Retirement Incentive/ Accumulated Sick Leave</u>	<u>Total</u>
Amount Available For Retirement Of General Long-Term Debt					
Debt Service Funds	\$ 676,622	\$ —	\$ —	\$ —	\$ 676,622
Amounts To Be Provided For Retirement Of Long-Term Debt					
State of Michigan	1,036,275	—	—	—	1,036,275
General Fund	—	31,000	44,860	1,941,016	2,016,876
Debt Service Funds	41,553,378	—	—	—	41,553,378
Total Amounts Available and To Be Provided	<u>\$ 43,266,275</u>	<u>\$ 31,000</u>	<u>\$ 44,860</u>	<u>\$ 1,941,016</u>	<u>\$ 45,283,151</u>

WYOMING PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Changes in long-term debt for the year ended June 30, 2006 are summarized as follows:

	Debt Outstanding July 1, 2005	Debt Added	Debt Retired	Debt Outstanding June 30, 2006
General obligation bonds:				
May 1, 1997	\$ 4,365,000	\$ —	\$ 1,385,000	\$ 2,980,000
May 1, 1999	10,875,000	—	445,000	10,430,000
March 1, 2003	1,280,000	—	60,000	1,220,000
February 14, 2005	28,100,000	—	500,000	27,600,000
Durant non-plaintiff bonds:				
November 13, 1998	1,121,224	—	84,949	1,036,275
Installment purchase agreements	62,000	—	31,000	31,000
Capital leases	87,116	—	42,256	44,860
Early retirement incentive	1,581,180	20,000	1,047,663	553,517
Accumulated sick leave	1,229,890	195,418	37,809	1,387,499
	<u>\$ 48,701,410</u>	<u>\$ 215,418</u>	<u>\$ 3,633,677</u>	<u>\$ 45,283,151</u>

Long-term debt outstanding at June 30, 2006 is comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$40,825M Building and Site May 1, 1997:				
Annual maturities of \$1,455M to \$1,525M	May 1, 2008	5.00–5.625	\$ 2,980,000	\$1,455,000
\$11,875M Refunding May 1, 1999:				
Annual maturities of \$460M to \$830M	May 1, 2022	4.25–5.00	10,430,000	460,000
\$1,330M Refunding March 1, 2003:				
Annual maturities of \$60M to \$95M	May 1, 2022	2.35–4.35	1,220,000	60,000
\$28,100M Refunding February 14, 2005:				
Annual maturities of \$1,600M to \$1,900M	May 1, 2023	3.00–5.00	27,600,000	—
Durant Non-plaintiff Bonds				
\$1,775,019 School Improvement November 13, 1998:				
Annual maturities of \$89M to \$419M	November 13, 2013	4.761353	1,036,275	88,974
Installment Purchase Agreements				
\$156M Food Service Equipment July 1, 2002:				
Annual maturity of \$31,000	June 15, 2007	4.13	31,000	31,000
Capital Leases				
Copiers, equipment, vehicles:				
Annual maturities of \$81,204 to \$41,656	July, 2009	4.95–5.30	44,860	41,656
			<u>\$ 43,342,135</u>	<u>\$2,136,630</u>

WYOMING PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

The annual requirements to pay principal and interest on long-term bonds, installment purchase agreements and capital leases outstanding are as follows:

Year Ended June 30	Principal	Interest	Total
2007	\$ 2,136,630	\$ 2,049,932	\$ 4,186,562
2008	2,161,436	1,943,433	4,102,869
2009	2,267,673	1,831,161	4,098,834
2010	2,669,280	1,887,948	4,557,228
2011	2,442,192	1,655,978	4,098,170
2012	2,542,289	1,554,695	4,096,984
2013	2,652,635	1,444,138	4,096,773
2014	2,595,000	1,314,373	3,909,373
2015	2,625,000	1,186,610	3,811,610
2016	2,665,000	1,057,065	3,722,065
2017	2,705,000	924,735	3,629,735
2018	2,740,000	790,463	3,530,463
2019	2,780,000	654,312	3,434,312
2020	2,815,000	516,213	3,331,213
2021	2,820,000	376,048	3,196,048
2022	2,825,000	235,633	3,060,633
2023	1,900,000	95,000	1,995,000
	<u>\$ 43,342,135</u>	<u>\$ 19,517,735</u>	<u>\$ 62,859,870</u>

On February 14, 2005, the District issued \$28,100,000 in general obligation bonds to advance refund \$28,565,000 of outstanding 1997 general obligation bonds were deposited with an escrow agent and used to purchase United States government securities. Under the terms of the agreement these securities, together with the interest earned to maturity, will be sufficient to pay principal and interest as it becomes due. This procedure relieves the District from being primarily liable for the debt and the District is virtually assured of not being required to make further payments with respect to the debt. These funds are not commingled with other funds and cannot be redeemed prior to maturity. Any excess funds will be returned to the District upon final payment of principal and interest (Scheduled to be May 1, 2008). This defeasance procedure allows the District to remove the related assets and liabilities from its financial statements, which it has done. The assets, now held by the escrow agent to be used for the remaining principal and interest due of \$31,503,473 on the defeased debt at June 30, 2006 are detailed in the following schedule:

	Cost	Market Value	Par Value
U.S. Government Securities	<u>\$ 29,242,991</u>	<u>\$ 29,242,991</u>	<u>\$ 29,242,991</u>

WYOMING PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Note G – Retirement Plan

Substantially all District employees participate in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan. The District's payroll for employees covered by MPERS for the year ended June 30, 2006 was \$27,377,901. A Basic Plan member may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service. The annual retirement benefit, payable monthly for life, is equal to 1½ percent of a member's final average compensation multiplied by his/her number of years of credited service. Final average compensation is the employee's average salary over the last 5 years of credited service. Vested employees may retire at or after age 55 with 15 years of service and receive reduced retirement benefits.

School districts in the State of Michigan are required to contribute at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPERS plan. The contribution rate was 14.87% for the fiscal year ending September 30, 2005 and 16.34% for the fiscal year beginning October 1, 2005. The District's contributions to the plan for the fiscal years ended June 30, 2006, 2005 and 2004 were \$4,420,566, \$4,006,235 and \$3,706,270, respectively.

The "actuarial accrued liability" is a standardized disclosure method of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPERS' funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employee retirement systems and employers.

The MPERS does not make separate measurements of assets and actuarial accrued liability for individual schools. The actuarial accrued liability at September 30, 2004 (the latest reporting date available expressed as \$ in millions) for the MPERS as a whole, determined through an actuarial valuation performed as of that date, was \$46,317. The MPERS' net assets available for benefits on that date were \$38,784 leaving an unfunded pension benefit obligation of \$7,533. Ten year historical trend information showing the MPERS' progress in accumulating sufficient assets to pay benefits when due is presented in the September 30, 2005 Annual Report of the MPERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.

The total actuarial accrued liability (expressed as \$ in millions) increased by \$1,548 from September 30, 2003 to September 30, 2004. Not included in the pension benefit obligation above is any future obligation attributable to health, dental and vision insurance benefits which are funded on a cash disbursement basis. With the passage of Act 279 of 1996, making permanent the cash basis financing of health, dental and vision benefits, actuarially calculated liabilities for these benefits are no longer disclosed on the balance sheets.

Prior to January 1, 1990, participating employees could elect coverage under either the noncontributory Basic Plan or the contributory Member Investment Plan (MIP). Effective January 1, 1990, all new employees are automatically enrolled in MIP. Participants in MIP, who receive benefits in addition to those available under the Basic Plan, contribute a percentage of salary. The graduated contribution rate is based on total wages and is calculated at 3% of the first \$5,000; 3.6% of the next \$10,000; and 4.3% of all wages over \$15,000. MIP members may retire at any age with 30 years of service, or at age 60 with 5 years of service, with benefits based on a final average compensation period of 5 years for Basic Plan participants and 3 years for Member Investment Plan participants.

WYOMING PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2006

Post-employment benefits for health, dental and vision insurance are available at retirement through the MPSERS. Retirees contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverage. Required contributions for post-employment health care benefits are included as part of the District's total contribution to the MPSERS as discussed above.

Note H – Risk Management and Benefits

The District is a member of the West Michigan Risk Management Trust, a self-insurance program with districts pooling together to insure property, liability and auto exposure. Premiums from members of the Trust are determined through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$175,000 and \$865,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained. The District paid \$212,689 in premiums to the Trust for the year ended June 30, 2006.

The District is also a member of the West Michigan Workers' Compensation Fund, a self-insurance program with districts pooling together to insure workers' compensation and employers' liability exposures. The Fund pays the first \$300,000 of any workers' compensation or employers' liability loss out of a \$1,833,000 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts. As of June 30, 2006, there were no material pending claims against the District. The District paid \$193,820 in premiums to the Fund for the year ended June 30, 2006.

Health, life and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

WYOMING PUBLIC SCHOOLS
General Fund
Comparative Balance Sheet
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash equivalents, deposits and investments	\$ 2,351,599	\$ 3,216,935
Receivables:		
Taxes	350,867	339,420
Accounts	26,597	40,750
Due from other funds	272,652	-
Due from other governmental units	7,749,041	7,336,288
Inventory	84,636	83,305
Prepaid expenditures	168,065	110,135
Total Assets	<u><u>\$ 11,003,457</u></u>	<u><u>\$ 11,126,833</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 983,980	\$ 1,033,739
Due to other funds	23,569	12,824
Due to other governmental units	1,156,630	1,479,169
Payroll withholdings payable	4,442	2,784
Salaries payable	3,035,452	2,857,670
Deferred revenue	596,761	521,609
Total Liabilities	<u>5,800,834</u>	<u>5,907,795</u>
Fund Balances		
Unreserved:		
Undesignated	<u>5,202,623</u>	<u>5,219,038</u>
Total Fund Balances	<u>5,202,623</u>	<u>5,219,038</u>
Total Liabilities and Fund Balance	<u><u>\$ 11,003,457</u></u>	<u><u>\$ 11,126,833</u></u>

WYOMING PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2006 and 2005

	2006	2005
Local sources:		
Property taxes:		
Current property taxes	\$ 7,399,597	\$ 7,257,363
Delinquent property taxes	11,316	14,144
Other taxes	-	11,051
Interest on delinquent taxes	28,337	22,782
	<u>7,439,250</u>	<u>7,305,340</u>
Interest earnings:		
Interest on deposits and investments	189,892	128,888
Other local revenue:		
High school completion tuition	24,290	14,595
Summer school tuition	34,144	41,743
Preschool fees	34,082	48,986
Transportation fees	189,687	133,327
Beverage consortium fees	146,849	226,431
Enrichment fees	24,106	-
Universal service credit	70,956	-
Rental of school facilities	117,451	94,210
Donations/grants	120,003	165,748
Sale of school property	-	34,628
Transportation reimbursements	116,687	-
Indirect cost reimbursements	328,527	128,252
Refunds of prior year expenditures	242,489	2,562
Miscellaneous	10,514	16,925
	<u>1,459,785</u>	<u>907,407</u>
Total local sources	9,088,927	8,341,635
State sources:		
State aid	34,491,184	33,645,661
Itinerant reimbursement	131,303	-
Driver education	-	5,044
School improvement	-	4,698
Total state sources	<u>34,622,487</u>	<u>33,655,403</u>
Federal sources:		
Title I	872,915	788,478
Title IIA	188,350	233,836
Title II D	12,513	15,795
Title III	75,861	61,628
Title V	12,792	16,907
I.D.E.A. program	1,085,382	1,137,787
Refugee children grant	-	3,934
Reading first	112,500	115,500
Drug free schools	25,715	61,950
Medicaid - school based	7,467	17,024
Homeland security grant	-	28,600
21st Century grant	489,594	489,594
SPSR grant	4,700	-
Total federal sources	<u>2,887,789</u>	<u>2,971,033</u>

(Continued)

WYOMING PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Interdistrict sources:		
Special education - county	\$ 2,685,467	\$ 2,511,326
Special education - transportation	819,090	649,728
Special education - tuition	190,287	293,309
Durant settlement reimbursements	29,524	-
Medicaid fee for service	389,798	221,234
Career preparation	-	28,000
Horizons administration fees	51,713	41,938
Other interdistrict	3,400	-
Total interdistrict sources	<u>4,169,279</u>	<u>3,745,535</u>
Total Revenues	<u><u>\$ 50,768,482</u></u>	<u><u>\$ 48,713,606</u></u>

WYOMING PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2006 and 2005

	2006	2005
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 6,768,475	\$ 6,597,105
Employee benefits	3,442,983	3,140,866
Purchased services	435	950
Supplies	567,426	541,433
Equipment and furniture	-	4,100
	<u>10,779,319</u>	<u>10,284,454</u>
Middle school:		
Salaries	3,676,336	3,695,678
Employee benefits	1,779,637	1,585,248
Purchased services	229	1,099
Supplies	254,440	97,058
	<u>5,710,642</u>	<u>5,379,083</u>
High school:		
Salaries	4,962,364	4,700,826
Employee benefits	2,517,943	2,093,479
Purchased services	5,262	3,660
Supplies	445,248	276,083
Equipment and furniture	-	20,125
Miscellaneous	1,862	362
	<u>7,932,679</u>	<u>7,094,535</u>
Preschool:		
Salaries	201,050	236,037
Employee benefits	115,848	102,540
Supplies	10,100	3,558
Miscellaneous	279	460
	<u>327,277</u>	<u>342,595</u>
Summer school:		
Salaries	14,578	-
Employee benefits	3,555	-
	<u>18,133</u>	<u>-</u>
Total basic programs	<u>24,768,050</u>	<u>23,100,667</u>
Added needs:		
Special education:		
Salaries	3,450,339	3,372,457
Employee benefits	1,809,559	1,674,593
Purchased services	3,809	11,387
Supplies	30,329	30,949
	<u>5,294,036</u>	<u>5,089,386</u>
Compensatory education:		
Salaries	374,989	311,012
Employee benefits	195,040	140,333
Purchased services	54,584	64,148
Supplies	103,200	90,137
	<u>727,813</u>	<u>605,630</u>

(Continued)

WYOMING PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2006 and 2005

	2006	2005
Vocational education:		
Salaries	\$ 25,845	\$ 215,644
Employee benefits	29,550	107,608
Purchased services	333	-
Supplies	6,677	17,265
Equipment and furniture	30,116	35,643
	<u>92,521</u>	<u>376,160</u>
Total added needs	6,114,370	6,071,176
Adult education services:		
Secondary:		
Salaries	115,498	134,491
Employee benefits	76,619	135,079
Purchased services	1,000	1,323
Supplies	1,879	3,191
Miscellaneous	429	402
	<u>195,425</u>	<u>274,486</u>
Adult enrichment:		
Salaries	68,830	72,528
Employee benefits	25,723	29,835
	<u>94,553</u>	<u>102,363</u>
Total adult education services	289,978	376,849
Supporting services:		
Pupil services:		
Guidance services:		
Salaries	653,510	661,234
Employee benefits	313,045	315,376
	<u>966,555</u>	<u>976,610</u>
Occupational therapist services:		
Salaries	2,112	2,080
Employee benefits	499	483
Purchased services	768	732
Supplies	1,630	869
	<u>5,009</u>	<u>4,164</u>
Psychological services:		
Salaries	-	18,151
Employee benefits	1,269	4,470
Purchased services	7,192	8,339
Supplies	4,605	3,674
	<u>13,066</u>	<u>34,634</u>
Speech pathology services:		
Salaries	4,557	23,356
Employee benefits	18,768	36,707
Purchased services	9,966	609
Supplies	3,733	2,141
	<u>37,024</u>	<u>62,813</u>

(Continued)

WYOMING PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2006 and 2005

	2006	2005
Social worker services:		
Salaries	\$ 144,407	\$ 146,398
Employee benefits	82,517	89,264
Purchased services	1,743	1,024
Supplies	2,817	1,323
	<u>231,484</u>	<u>238,009</u>
Other pupil services:		
Salaries	139,364	183,461
Employee benefits	90,507	78,866
Purchased services	26,043	31,620
Supplies	33,841	40,402
Equipment and furniture	28,608	4,533
Miscellaneous	10,632	11,068
	<u>328,995</u>	<u>349,950</u>
Total pupil services	1,582,133	1,666,180
Instructional staff services:		
Improvement of instruction:		
Salaries	143,952	191,688
Employee benefits	150,001	183,525
Purchased services	408,247	475,702
Supplies	8,655	73,628
New equipment and furniture	104,604	13,909
Miscellaneous	2,681	4,360
	<u>818,140</u>	<u>942,812</u>
Library/audio-visual:		
Salaries	382,187	404,999
Employee benefits	270,229	210,573
Purchased services	8,013	9,587
Supplies	55,082	119,825
New equipment and furniture	10,341	11,033
	<u>725,852</u>	<u>756,017</u>
Supervision/direction of instruction:		
Salaries	456,292	614,925
Employee benefits	239,659	279,251
Purchased services	118,102	13,617
Supplies	7,825	15,873
New equipment and furniture	12,844	7,086
	<u>834,722</u>	<u>930,752</u>
Professional staff development:		
Purchased services	10,606	6,684
Total instructional staff services	<u>2,389,320</u>	<u>2,636,265</u>
General administrative services:		
Board of education:		
Salaries	6,900	6,300
Purchased services	56,198	41,395
	<u>63,098</u>	<u>47,695</u>

(Continued)

WYOMING PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2006 and 2005

	2006	2005
Executive administration:		
Salaries	\$ 435,167	\$ 464,954
Employee benefits	161,234	149,708
Purchased services	154,890	134,241
Supplies	23,836	10,353
New equipment and furniture	6,783	21,546
Miscellaneous	16,328	24,310
	<u>798,238</u>	<u>805,112</u>
Total general administrative services	861,336	852,807
School administrative services:		
Office of the principal:		
Salaries	1,618,832	1,834,711
Employee benefits	775,767	763,461
Purchased services	242,344	18,929
Supplies	5,571	6,335
Miscellaneous	1,615	2,324
	<u>2,644,129</u>	<u>2,625,760</u>
Total school administrative services		
Business services:		
Fiscal services:		
Salaries	551,278	494,942
Employee benefits	287,769	247,574
Purchased services	11,058	10,790
	<u>850,105</u>	<u>753,306</u>
Other business services:		
Miscellaneous	85,127	70,922
	<u>85,127</u>	<u>70,922</u>
Total business services	935,232	824,228
Operation and maintenance services:		
Operation and maintenance:		
Salaries	1,416,313	1,314,922
Employee benefits	865,757	770,196
Purchased services	740,220	777,657
Supplies	1,039,109	929,096
Equipment and furniture	62,049	21,251
	<u>4,123,448</u>	<u>3,813,122</u>
Security services:		
Purchased services	-	28,768
	<u>-</u>	<u>28,768</u>
Total operation and maintenance services	4,123,448	3,841,890
Pupil transportation services:		
Pupil transportation:		
Salaries	668,050	610,114
Employee benefits	429,016	367,938
Purchased services	124,516	109,451
Supplies	276,676	193,220
Miscellaneous	13,190	13,925
	<u>1,511,448</u>	<u>1,294,648</u>
Total pupil transportation services		

(Continued)

WYOMING PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2006 and 2005

	2006	2005
Central services:		
Planning and evaluation:		
Purchased services	\$ 900	\$ -
Communication services:		
Purchased services	1,545	597
Data processing services:		
Salaries	311,774	248,003
Employee benefits	126,240	113,388
Purchased services	241,278	119,521
Supplies	45,787	57,719
New equipment and furniture	197,179	171,287
	922,258	709,918
Staff/personnel services:		
Purchased services	67,185	104,340
Total central services	991,888	814,855
Community services:		
Community recreation:		
Salaries	2,278	-
Employee benefits	450	-
Purchased services	11,624	-
Supplies	970	-
	15,322	-
Community activities:		
Salaries	1,112	-
Employee benefits	329	-
Purchased services	28,067	20,985
Supplies	275	2,882
Miscellaneous	-	9,780
	29,783	33,647
Non-public school pupils:		
Purchased services	4,820	-
Total community services	49,925	33,647
Capital outlay:		
Buildings and additions	33,348	27,888
Interdistrict:		
Special education tuition	361,087	724,049
Special education transportation	991,743	875,964
Special education itinerants	1,933,254	1,656,235
Special education services	26,791	29,344
Durant reimbursements	39,737	40,522
Total interdistrict	3,352,612	3,326,114
Subgrantee reimbursements	328,185	197,777
Total Expenditures	\$ 49,975,402	\$ 47,690,751

NONMAJOR FUNDS

WYOMING PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2006

	Special Revenue	
	Food Service	Athletics
Assets		
Cash equivalents, deposits and investments	\$ 267,095	\$ 7,173
Taxes receivable	-	-
Due from other funds	-	23,569
Due from other governmental units	31,914	-
Inventory	44,050	-
Land contract receivable	-	-
Total Assets	\$ 343,059	\$ 30,742
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 21,897	\$ 4,684
Due to other funds	202,475	-
Due to other governmental units	1,431	2,209
Salaries payable	6,578	9,209
Deferred revenue	4,385	-
Total Liabilities	236,766	16,102
Fund Balances		
Reserved for debt service	-	-
Reserved for capital outlay	-	-
Unreserved:		
Undesignated	106,293	14,640
Total Fund Balances	106,293	14,640
Total Liabilities and Fund Balances	\$ 343,059	\$ 30,742

Debt Service					Capital Projects Building and Site	Total
1997	1999	2003	2005	Durant		
\$ 261,594	\$ 214,107	\$ 7,380	\$ 195,817	\$ -	\$ 337,854	\$ 1,291,020
51,077	20,272	1,703	12,793	-	-	85,845
-	15,713	-	-	-	-	39,282
-	-	-	-	-	-	31,914
-	-	-	-	-	-	44,050
-	-	-	-	-	583,803	583,803
<u>\$ 312,671</u>	<u>\$ 250,092</u>	<u>\$ 9,083</u>	<u>\$ 208,610</u>	<u>\$ -</u>	<u>\$ 921,657</u>	<u>\$ 2,075,914</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,581
5,901	-	392	9,420	-	49,927	268,115
683	455	46	1,092	-	-	5,916
-	-	-	-	-	-	15,787
51,077	20,272	1,703	12,793	-	583,803	674,033
<u>57,661</u>	<u>20,727</u>	<u>2,141</u>	<u>23,305</u>	<u>-</u>	<u>633,730</u>	<u>990,432</u>
255,010	229,365	6,942	185,305	-	-	676,622
-	-	-	-	-	287,927	287,927
-	-	-	-	-	-	120,933
<u>255,010</u>	<u>229,365</u>	<u>6,942</u>	<u>185,305</u>	<u>-</u>	<u>287,927</u>	<u>1,085,482</u>
<u>\$ 312,671</u>	<u>\$ 250,092</u>	<u>\$ 9,083</u>	<u>\$ 208,610</u>	<u>\$ -</u>	<u>\$ 921,657</u>	<u>\$ 2,075,914</u>

WYOMING PUBLIC SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2006

	Special Revenue		
	Food Service	Athletics	Enrichment
Revenues			
Local sources:			
Property taxes	\$ -	\$ -	\$ -
Interest earnings	6,304	2,186	-
Sales and admissions	735,384	175,273	-
Other local sources	400	-	-
Total local sources	742,088	177,459	-
State sources	128,028	-	-
Federal sources	1,254,173	-	-
Total Revenues	2,124,289	177,459	-
Expenditures			
Current:			
Food service	2,219,292	-	-
Athletics	-	1,052,677	-
Capital outlay	-	-	-
Debt service:			
Principal repayment	31,000	-	-
Interest and fiscal charges	2,561	-	-
Total Expenditures	2,252,853	1,052,677	-
Excess (Deficiency) of Revenues Over Expenditures	(128,564)	(875,218)	-
Other Financing Sources (Uses)			
Transfers in	20,640	820,000	-
Transfers out	-	-	(31,145)
Total Other Financing Sources (Uses)	20,640	820,000	(31,145)
Net Change In Fund Balances	(107,924)	(55,218)	(31,145)
Fund Balances, July 1	214,217	69,858	31,145
Fund Balances, June 30	\$ 106,293	\$ 14,640	\$ -

Debt Service					Capital Projects Building and Site	Total
1997	1999	2003	2005	Durant		
\$ 1,314,537	\$ 894,521	\$ 87,447	\$ 2,096,138	\$ -	\$ -	\$ 4,392,643
38,852	24,249	2,336	46,112	-	29,632	149,671
-	-	-	-	-	-	910,657
-	-	-	-	-	266,197	266,597
1,353,389	918,770	89,783	2,142,250	-	295,829	5,719,568
-	-	-	-	123,243	-	251,271
-	-	-	-	-	-	1,254,173
1,353,389	918,770	89,783	2,142,250	123,243	295,829	7,225,012
-	-	-	-	-	-	2,219,292
-	-	-	-	-	-	1,052,677
-	-	-	-	-	124,985	124,985
1,385,000	445,000	60,000	500,000	84,949	-	2,505,949
255,900	524,961	46,101	1,456,945	38,294	-	2,324,762
1,640,900	969,961	106,101	1,956,945	123,243	124,985	8,227,665
(287,511)	(51,191)	(16,318)	185,305	-	170,844	(1,002,653)
-	-	-	-	-	-	840,640
-	-	-	-	-	-	(31,145)
-	-	-	-	-	-	809,495
(287,511)	(51,191)	(16,318)	185,305	-	170,844	(193,158)
542,521	280,556	23,260	-	-	117,083	1,278,640
\$ 255,010	\$ 229,365	\$ 6,942	\$ 185,305	\$ -	\$ 287,927	\$ 1,085,482

WYOMING PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2006

	2006		Variance -
	Budget	Actual	Positive (Negative)
Revenues			
Local sources:			
Sales and admissions	\$ 698,173	\$ 735,384	\$ 37,211
Interest earnings	4,500	6,304	1,804
Other local sources	400	400	-
State sources	122,199	128,028	5,829
Federal sources	1,360,081	1,254,173	(105,908)
Total Revenues	<u>2,185,353</u>	<u>2,124,289</u>	<u>(61,064)</u>
Expenditures			
Current:			
Food service	2,203,940	2,219,292	(15,352)
Debt service:			
Principal repayment	-	31,000	(31,000)
Interest and fiscal charges	-	2,561	(2,561)
Total Expenditures	<u>2,203,940</u>	<u>2,252,853</u>	<u>(48,913)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(18,587)</u>	<u>(128,564)</u>	<u>(109,977)</u>
Other Financing Sources			
Transfers in	<u>27,110</u>	<u>20,640</u>	<u>(6,470)</u>
Net Change In Fund Balances	<u>8,523</u>	<u>(107,924)</u>	<u>(116,447)</u>
Fund Balances, July 1	<u>214,217</u>	<u>214,217</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 222,740</u></u>	<u><u>\$ 106,293</u></u>	<u><u>\$ (116,447)</u></u>

WYOMING PUBLIC SCHOOLS
Athletics Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2006

	2006		Variance -
	Budget	Actual	Positive (Negative)
Revenues			
Local sources:			
Interest earnings	\$ 1,565	\$ 2,186	\$ 621
Sales and admissions	175,193	175,273	80
Total Revenues	176,758	177,459	701
Expenditures			
Current:			
Athletics	1,084,352	1,052,677	31,675
Excess (Deficiency) of Revenues Over Expenditures	(907,594)	(875,218)	32,376
Other Financing Sources			
Transfers in	890,000	820,000	(70,000)
Net Change In Fund Balances	(17,594)	(55,218)	(37,624)
Fund Balances, July 1	69,858	69,858	-
Fund Balances, June 30	\$ 52,264	\$ 14,640	\$ (37,624)

SPECIAL REVENUE FUNDS

Food Service—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

Athletics—to account for activity receipts and General Fund contributions used in administering the athletic program of the District.

WYOMING PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash equivalents, deposits and investments	\$ 267,095	\$ 199,769
Due from other governmental units	31,914	28,317
Inventory	<u>44,050</u>	<u>15,518</u>
Total Assets	<u><u>\$ 343,059</u></u>	<u><u>\$ 243,604</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 21,897	\$ 23,166
Due to other funds	202,475	-
Due to other governmental units	1,431	998
Salaries payable	6,578	5,223
Deferred revenue	<u>4,385</u>	<u>-</u>
Total Liabilities	<u>236,766</u>	<u>29,387</u>
Fund Balances		
Unreserved:		
Undesignated	<u>106,293</u>	<u>214,217</u>
Total Liabilities and Fund Balances	<u><u>\$ 343,059</u></u>	<u><u>\$ 243,604</u></u>

WYOMING PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2006 and 2005

	2006	2005
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 6,304	\$ -
Sales and admissions:		
Children's breakfasts	21,052	21,163
Children's lunches	364,314	367,669
Ala carte	293,315	318,383
Banquets	56,703	53,356
	<u>735,384</u>	<u>760,571</u>
Other local sources:		
Sale of assets	400	800
Miscellaneous	-	9,930
	<u>400</u>	<u>10,730</u>
Total local sources	742,088	771,301
State sources	128,028	103,540
Federal sources	<u>1,254,173</u>	<u>1,089,012</u>
Total Revenues	<u>2,124,289</u>	<u>1,963,853</u>
Expenditures		
Current:		
Food service:		
Salaries:		
Food service	483,089	453,761
Clerical	14,778	14,277
Sick pay	-	2,688
Employee benefits:		
Employee insurance	68,324	58,855
Retirement	80,454	69,115
Social Security	38,504	36,574
Workers' compensation insurance	9,740	9,440
Cash in lieu of benefits	5,550	7,350
Contracted services	935	3,630
Management services	170,428	188,096
Local travel	3,035	613
Vehicle insurance	-	604
Equipment repair and maintenance	32,231	28,352
Vehicle repair and maintenance	1,006	751
Other purchased services	-	4,498
Food	618,980	567,063
Ala carte	90,395	108,111
Milk	109,939	93,049
Non edible	11,846	8,970
Gasoline, oil and grease	709	1,409
Uniforms	4,807	4,965
Office supplies	22,101	5,907
Other supplies and materials	55,752	53,808

(Continued)

WYOMING PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2006 and 2005

	2006	2005
Food service: (Continued)		
New equipment and furniture	\$ 47,098	\$ 47,097
Replacement equipment and furniture	12,737	8,290
Indirect cost reimbursement	310,000	110,000
Banquets	26,854	35,856
	<u>2,219,292</u>	<u>1,923,129</u>
Debt service:		
Principal repayment	31,000	31,000
Interest and fiscal charges	2,561	3,842
	<u>33,561</u>	<u>34,842</u>
Total Expenditures	<u>2,252,853</u>	<u>1,957,971</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(128,564)</u>	<u>5,882</u>
Other Financing Sources		
Transfers in	<u>20,640</u>	<u>25,730</u>
Net Change In Fund Balances	<u>(107,924)</u>	<u>31,612</u>
Fund Balances, July 1	<u>214,217</u>	<u>182,605</u>
Fund Balances, June 30	<u><u>\$ 106,293</u></u>	<u><u>\$ 214,217</u></u>

WYOMING PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Balance Sheet
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash equivalents, deposits and investments	\$ 7,173	\$ 87,024
Due from other funds	<u>23,569</u>	<u>-</u>
Total Assets	<u><u>\$ 30,742</u></u>	<u><u>\$ 87,024</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 4,684	\$ 7,432
Due to other governmental units	2,209	1,789
Salaries payable	<u>9,209</u>	<u>7,945</u>
Total Liabilities	<u>16,102</u>	<u>17,166</u>
Fund Balances		
Unreserved:		
Undesignated	<u>14,640</u>	<u>69,858</u>
Total Liabilities and Fund Balances	<u><u>\$ 30,742</u></u>	<u><u>\$ 87,024</u></u>

WYOMING PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 2,186	\$ -
Sales and admissions:		
Participation fees	133,968	110,286
Gate receipts	41,305	54,368
Donations	-	12,664
	<u>175,273</u>	<u>177,318</u>
Total Revenues	<u>177,459</u>	<u>177,318</u>
Expenditures		
Current:		
Athletics:		
Salaries:		
Directors	57,343	121,004
Coaches	394,476	395,576
Trainers	28,102	-
Clerical	57,700	48,266
Severance pay	-	2,368
Employee benefits:		
Employee insurance	22,812	42,503
Early retirement incentive	20,000	3,000
Retirement	85,147	82,046
Social Security	41,134	43,799
Workers' compensation insurance	2,123	1,920
Cash in lieu of benefits	1,800	-
Local travel	1,145	1,858
Field trips	62,777	56,012
Land and building rental	3,070	6,070
Other purchased services	175,513	101,800
Uniforms	23,889	26,476
New equipment and furniture	48,565	50,619
Dues and fees	4,854	2,864
Miscellaneous	22,227	23,635
	<u>1,052,677</u>	<u>1,009,816</u>
Total Expenditures	<u>1,052,677</u>	<u>1,009,816</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(875,218)</u>	<u>(832,498)</u>
Other Financing Sources		
Transfers in	<u>820,000</u>	<u>800,000</u>
Net Change In Fund Balances	<u>(55,218)</u>	<u>(32,498)</u>
Fund Balances, July 1	<u>69,858</u>	<u>102,356</u>
Fund Balances, June 30	<u><u>\$ 14,640</u></u>	<u><u>\$ 69,858</u></u>

DEBT SERVICE FUNDS

Debt Service Funds—To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

WYOMING PUBLIC SCHOOLS
Debt Service Funds
Combining Balance Sheet
June 30, 2006

	<u>1997</u>	<u>1999</u>	<u>2003</u>	<u>2005</u>
Assets				
Cash equivalents, deposits and investments	\$ 261,594	\$ 214,107	\$ 7,380	\$ 195,817
Taxes receivable	51,077	20,272	1,703	12,793
Accrued interest receivable	-	-	-	-
Due from other funds	-	15,713	-	-
Total Assets	<u><u>\$ 312,671</u></u>	<u><u>\$ 250,092</u></u>	<u><u>\$ 9,083</u></u>	<u><u>\$ 208,610</u></u>
Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ 5,901	\$ -	\$ 392	\$ 9,420
Due to other governmental units	683	455	46	1,092
Deferred revenue	51,077	20,272	1,703	12,793
Total Liabilities	<u>57,661</u>	<u>20,727</u>	<u>2,141</u>	<u>23,305</u>
Fund Balances				
Reserved for debt service	<u>255,010</u>	<u>229,365</u>	<u>6,942</u>	<u>185,305</u>
Total Liabilities and Fund Balances	<u><u>\$ 312,671</u></u>	<u><u>\$ 250,092</u></u>	<u><u>\$ 9,083</u></u>	<u><u>\$ 208,610</u></u>

Durant	Totals	
	2006	2005
\$ -	\$ 678,898	\$ 829,121
-	85,845	89,576
-	-	4,392
-	15,713	12,824
<u>\$ -</u>	<u>\$ 780,456</u>	<u>\$ 935,913</u>

\$ -	\$ 15,713	\$ -
-	2,276	-
-	85,845	89,576
<u>-</u>	<u>103,834</u>	<u>89,576</u>
<u>-</u>	<u>676,622</u>	<u>846,337</u>
<u>\$ -</u>	<u>\$ 780,456</u>	<u>\$ 935,913</u>

WYOMING PUBLIC SCHOOLS
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2006

	1997	1999	2003	2005
Revenues				
Local sources:				
Property taxes:				
Current property taxes	\$ 1,265,650	\$ 863,390	\$ 84,377	\$ 2,025,866
Industrial facilities taxes	41,061	27,374	2,737	65,697
Delinquent property taxes	4,711	1,766	136	-
Other taxes	-	-	-	-
In lieu of taxes	1,195	796	80	1,911
Interest on delinquent taxes	1,920	1,195	117	2,664
	<u>1,314,537</u>	<u>894,521</u>	<u>87,447</u>	<u>2,096,138</u>
Interest earnings:				
Interest on deposits and investments	<u>38,852</u>	<u>24,249</u>	<u>2,336</u>	<u>46,112</u>
State sources:				
State school aid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>1,353,389</u>	<u>918,770</u>	<u>89,783</u>	<u>2,142,250</u>
Expenditures				
Current:				
Debt service:				
Principal repayment	1,385,000	445,000	60,000	500,000
Interest and fiscal charges:				
Interest expense	241,981	520,500	45,425	1,456,625
Paying agent fees	362	4,461	310	300
Tax refunds	13,557	-	366	20
Bond issuance costs	-	-	-	-
Underwriter's discount	-	-	-	-
	<u>1,640,900</u>	<u>969,961</u>	<u>106,101</u>	<u>1,956,945</u>
Total Expenditures	<u>1,640,900</u>	<u>969,961</u>	<u>106,101</u>	<u>1,956,945</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(287,511)</u>	<u>(51,191)</u>	<u>(16,318)</u>	<u>185,305</u>
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Other	-	-	-	-
Payments to escrow agent	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(287,511)</u>	<u>(51,191)</u>	<u>(16,318)</u>	<u>185,305</u>
Fund Balances, July 1	<u>542,521</u>	<u>280,556</u>	<u>23,260</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 255,010</u>	<u>\$ 229,365</u>	<u>\$ 6,942</u>	<u>\$ 185,305</u>

Durant	Totals	
	2006	2005
\$ -	\$ 4,239,283	\$ 4,085,480
-	136,869	128,525
-	6,613	3,695
-	-	2,396
-	3,982	2,736
-	5,896	13,515
	4,392,643	4,236,347
-	111,549	55,485
123,243	123,243	-
123,243	4,627,435	4,291,832
84,949	2,474,949	1,800,000
38,294	2,302,825	1,633,859
	5,433	4,572
-	13,943	11,151
-	-	176,677
-	-	133,475
123,243	4,797,150	3,759,734
-	(169,715)	532,098
-	-	28,100,000
-	-	1,879,435
-	-	4,507
-	-	(30,168,653)
-	-	(184,711)
-	(169,715)	347,387
-	846,337	498,950
\$ -	\$ 676,622	\$ 846,337

CAPITAL PROJECTS FUND

Building and Site —to account for the proceeds from the sale of District property and interest earnings to be used for future capital improvements projects.

WYOMING PUBLIC SCHOOLS
Building & Site Capital Projects Fund
Comparative Balance Sheet
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Cash equivalents, deposits and investments	\$ 337,854	\$ 117,083
Land contract receivable	<u>583,803</u>	<u>850,000</u>
Total Assets	<u><u>\$ 921,657</u></u>	<u><u>\$ 967,083</u></u>
Liabilities and Fund Balances		
Liabilities		
Due to other funds	\$ 49,927	\$ -
Deferred revenue	<u>583,803</u>	<u>850,000</u>
Total Liabilities	<u>633,730</u>	<u>850,000</u>
Fund Balances		
Reserved for capital outlay	<u>287,927</u>	<u>117,083</u>
Total Liabilities and Fund Balances	<u><u>\$ 921,657</u></u>	<u><u>\$ 967,083</u></u>

WYOMING PUBLIC SCHOOLS
Building & Site Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues		
Local sources:		
Interest and rentals:		
Interest on deposits and investments	\$ 29,632	\$ 83
Other local sources:		
Sale of school property	<u>266,197</u>	<u>117,000</u>
Total Revenues	<u>295,829</u>	<u>117,083</u>
Expenditures		
Capital outlay:		
Buildings and additions	16,600	-
New equipment and furniture	105,909	-
Miscellaneous	<u>2,476</u>	<u>-</u>
Total Expenditures	<u>124,985</u>	<u>-</u>
Net Change In Fund Balances	<u>170,844</u>	<u>117,083</u>
Fund Balances, July 1	<u>117,083</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 287,927</u></u>	<u><u>\$ 117,083</u></u>

AGENCY FUND

Student Activities—to account for the collection and disbursements of monies used by the student clubs and groups of the District.

WYOMING PUBLIC SCHOOLS
Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2006

	<u>Balances</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2006</u>
Assets				
Cash equivalents, deposits and investments	<u>\$ 381,311</u>	<u>\$ 1,234,220</u>	<u>\$ 1,198,863</u>	<u>\$ 416,668</u>
Liabilities				
Due to other funds	\$ -	\$ 21,729	\$ 1,479	\$ 20,250
Due to student groups	<u>381,311</u>	<u>1,212,491</u>	<u>1,197,384</u>	<u>396,418</u>
Total Liabilities	<u>\$ 381,311</u>	<u>\$ 1,234,220</u>	<u>\$ 1,198,863</u>	<u>\$ 416,668</u>

OTHER INFORMATION

WYOMING PUBLIC SCHOOLS
Summary of 2005 Taxes Levied and Collected
For the year ended June 30, 2006

	Kent County		
	City of		
	Grandville	Wyoming	Total
Taxable Valuations			
Operating	\$ 2,425,722	\$414,354,666	\$416,780,388
Debt Service	2,678,109	902,340,698	905,018,807
Rates (Mills)			
General Fund			18.0000
1997 Debt Service Fund			1.4100
1999 Debt Service Fund			0.9400
2003 Debt Service Fund			0.0940
2005 Debt Service Fund			2.2560
			<u>22.7000</u>
Taxes Levied 2005 Rolls			
General Fund	\$ 43,633	\$ 7,458,379	\$ 7,502,012
1997 Debt Service Fund	3,776	1,272,287	1,276,063
1999 Debt Service Fund	2,517	848,191	850,708
2003 Debt Service Fund	252	84,819	85,071
2005 Debt Service Fund	6,042	2,035,659	2,041,701
	<u>56,220</u>	<u>11,699,335</u>	<u>11,755,555</u>
Taxes Uncollected 2005 Rolls			
General Fund	-	102,069	102,069
1997 Debt Service Fund	-	7,995	7,995
1999 Debt Service Fund	-	5,330	5,330
2003 Debt Service Fund	-	533	533
2005 Debt Service Fund	-	12,793	12,793
	<u>-</u>	<u>128,720</u>	<u>128,720</u>
Taxes Collected 2005 Rolls			
General Fund	43,633	7,356,310	7,399,943
1997 Debt Service Fund	3,776	1,264,292	1,268,068
1999 Debt Service Fund	2,517	842,861	845,378
2003 Debt Service Fund	252	84,286	84,538
2005 Debt Service Fund	6,042	2,022,866	2,028,908
	<u>56,220</u>	<u>11,570,615</u>	<u>11,626,835</u>
Delinquent Taxes Collected			
General Fund	-	11,625	11,625
1997 Debt Service Fund	-	4,711	4,711
1999 Debt Service Fund	-	1,766	1,766
2003 Debt Service Fund	-	136	136
	<u>-</u>	<u>18,238</u>	<u>18,238</u>
Total Taxes Collected			
General Fund	43,633	7,367,935	7,411,568
1997 Debt Service Fund	3,776	1,269,003	1,272,779
1999 Debt Service Fund	2,517	842,997	845,514
2003 Debt Service Fund	252	84,422	84,674
2005 Debt Service Fund	6,042	2,022,866	2,028,908
	<u>\$ 56,220</u>	<u>\$ 11,587,223</u>	<u>\$ 11,643,443</u>

(Continued)

WYOMING PUBLIC SCHOOLS
Summary of 2005 Taxes Levied and Collected
For the year ended June 30, 2006

Taxes Uncollected – June 30, 2006	Kent County		Total
	City of		
	Grandville	Wyoming	
General Fund:			
2005	\$ -	\$ 102,069	\$ 102,069
2004	-	164,335	164,335
2003	1,260	83,203	84,463
	<u>1,260</u>	<u>349,607</u>	<u>350,867</u>
1997 Debt Service Fund:			
2005	-	7,995	7,995
2004	-	28,625	28,625
2003	230	14,227	14,457
	<u>230</u>	<u>50,847</u>	<u>51,077</u>
1999 Debt Service Fund:			
2005	-	5,330	5,330
2004	-	9,240	9,240
2003	92	5,610	5,702
	<u>92</u>	<u>20,180</u>	<u>20,272</u>
2003 Debt Service Fund:			
2005	-	533	533
2004	-	770	770
2003	7	393	400
	<u>7</u>	<u>1,696</u>	<u>1,703</u>
2003 Debt Service Fund:			
2005	-	12,793	12,793
	<u>-</u>	<u>12,793</u>	<u>12,793</u>
Total Taxes Uncollected	\$ 1,589	\$ 435,123	\$ 436,712

WYOMING PUBLIC SCHOOLS
Kent County, Michigan

Auditor's Report On Compliance
For Federal Grant Programs

For the year ended June 30, 2006

TABLE OF CONTENTS

WYOMING PUBLIC SCHOOLS

For the year ended June 30, 2006

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	1
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	3
Schedule of Expenditures of Federal Awards.....	6
Schedule of Findings and Questioned Costs.....	14
Notes to Schedule of Expenditures of Federal Awards.....	16

Hungerford, Aldrin,
Nichols & Carter, P.C.

CPAs AND CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

August 18, 2006

The Board of Education
Wyoming Public Schools
Wyoming, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wyoming Public Schools as of and for the year ended June 30, 2006, which collectively comprise Wyoming Public School's basic financial statements and have issued our report thereon dated August 18, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wyoming Public School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

The Board of Education
Wyoming Public Schools
August 18, 2006

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wyoming Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hungerford, Aldrin, Nichols & Barten, P.C.

Certified Public Accountants

Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

August 18, 2006

The Board of Education
Wyoming Public Schools
Wyoming, Michigan

Compliance

We have audited the compliance of Wyoming Public Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Wyoming Public School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Wyoming Public School's management. Our responsibility is to express an opinion of Wyoming Public School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wyoming Public School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Wyoming Public School's compliance with those requirements.

In our opinion, Wyoming Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

The Board of Education
Wyoming Public Schools
August 18, 2006

Internal Control Over Compliance

The management of Wyoming Public Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Wyoming Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wyoming Public Schools as of and for the year ended June 30, 2006, and have issued our report thereon dated August 18, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Wyoming Public School's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hungerford, Alden, Nichols & Austin, P.C.

Certified Public Accountants

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

WYOMING PUBLIC SCHOOLS

For the year ended June 30, 2006

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U.S. Department of Education		
Passed through Michigan Department of Education (MDE):		
Title I:	84.010	
0515300405		\$510,259
0515300506		111,263
0615300506		<u>670,764</u>
Total Title I		<u>1,292,286</u>
Title I ESEA 2%:		
0415500405	84.010	135,000
0515500506		<u>135,000</u>
Title I ESEA 2%:		<u>270,000</u>
Title IIA:		
0505200405	84.367	233,836
0605200506		<u>235,292</u>
Total Title IIA		<u>469,128</u>
Title IID:		
0542900405	84.318	15,795
0642900506		<u>12,513</u>
Total Title IID		<u>28,308</u>
Title III - English Language Acquisition:		
0505800405	84.365	55,401
0605800506		<u>75,861</u>
Total Title III		<u>131,262</u>
Title V:		
0502500405	84.298	16,907
0602500506		<u>12,792</u>
Total Title V		<u>29,699</u>

Accrued (Deferred) Revenue July 1, 2005	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2006
\$79,674	\$452,289	\$57,970 111,263 568,682	\$137,644 32,490 415,224	\$78,773 153,458
79,674	452,289	737,915	585,358	232,231
34,495	135,000	135,000	34,495 106,127	28,873
34,495	135,000	135,000	140,622	28,873
53,637	233,836	188,350	53,637 161,875	26,475
53,637	233,836	188,350	215,512	26,475
14,170	15,795	12,513	14,170 9,764	2,749
14,170	15,795	12,513	23,934	2,749
25,981	55,401	75,861	25,981 48,677	27,184
25,981	55,401	75,861	74,658	27,184
2,440	16,907	12,792	2,440 11,283	1,509
2,440	16,907	12,792	13,723	1,509

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**WYOMING PUBLIC SCHOOLS**

For the year ended June 30, 2006

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
Reading First:	84.357	
052930030402		\$115,500
0629300506		<u>112,500</u>
Total Reading First		<u>228,000</u>
21 st Century Community Learning Center:	84.287	
052110 04-072		489,594
062110 04-072		<u>489,594</u>
Total 21 st Century Community Learning Center		<u>979,188</u>
State Plan Self Review	84.027	
060440		<u>4,700</u>
Safe and Drug Free Schools and Communities Act:	84.186	
0428600405		9,160
0528600405		51,590
0628600506		<u>25,715</u>
Total Safe and Drug Free Schools and Communities Act		<u>86,465</u>
Total Passed Through MDE		<u>3,519,036</u>
Passed through Kent Intermediate School District (KISD):		
Special Education Cluster:		
I.D.E.A. – Flow Through:	84.027	
Flow Through – 0504500405		1,078,800
Flow Through – 0604500506		<u>1,039,732</u>
Total I.D.E.A. – Flow Through		<u>2,118,532</u>
I.D.E.A. – Transition:	84.027	
0604900506		<u>2,411</u>

Accrued (Deferred) Revenue July 1, 2005	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2006
\$29,775	\$115,500	\$112,500	\$29,775 89,826	\$22,674
29,775	115,500	112,500	119,601	22,674
278,172	489,594	489,594	278,172 347,994	141,600
278,172	489,594	489,594	626,166	141,600
		4,700	4,700	
8,202 34,920	9,160 51,590	25,715	8,202 34,920 23,803	1,912
43,122	60,750	25,715	66,925	1,912
561,466	1,575,072	1,794,940	1,871,199	485,207
402,194	1,078,800	1,039,732	402,194 670,793	368,939
402,194	1,078,800	1,039,732	1,072,987	368,939
	1,678	2,411	2,411	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**WYOMING PUBLIC SCHOOLS**

For the year ended June 30, 2006

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
I.D.E.A. – Preschool:	84.173	
Preschool – 0504600405		\$51,424
Preschool – 0604600506		43,239
		<hr/>
Total I.D.E.A. – Preschool		94,663
		<hr/>
Total Special Education Cluster		2,215,606
		<hr/>
Total Passed Through Intermediate School District		2,215,606
		<hr/>
Total U.S. Department of Education		5,734,642
		<hr/>
U.S. Department of Health and Human Services		
Passed Through Michigan Department of Education (MDE):		
Refugee Children School Impact Grant:		
0518400405	93.576	3,934
		<hr/>
Total Refugee Children School Impact		
Passed through Kent Intermediate School District (KISD):		
School Based Medicaid 2004-05	93.778	11,065
School Based Medicaid 2005-06		7,467
		<hr/>
Total School Based Medicaid		18,532
		<hr/>
Total U.S. Department of Health and Human Services		22,466
		<hr/>
U.S. Department of Agriculture Nutrition Cluster		
Passed Through Michigan Department of Education (MDE):		
National School Lunch Program:		
Lunches:		
Section 4 – Total Servings – 1950	10.555	127,980
Section 11 – Free and Reduced – 1960		735,518
		<hr/>
Total Lunches		863,498
		<hr/>

Accrued (Deferred) Revenue July 1, 2005	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2006
\$19,455	\$51,424		\$19,455	
		\$43,239	23,745	\$19,494
19,455	51,424	43,239	43,200	19,494
421,649	1,131,902	1,085,382	1,118,598	388,433
421,649	1,131,902	1,085,382	1,118,598	388,433
983,115	2,706,974	2,880,322	2,989,797	873,640
1,803	3,934		1,803	
11,065	11,065		11,065	
		7,467		7,467
11,065	11,065	7,467	11,065	7,467
12,868	14,999	7,467	12,868	7,467
	107,251	127,980	127,980	
	650,609	735,518	735,518	
—	757,860	863,498	863,498	—

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

WYOMING PUBLIC SCHOOLS

For the year ended June 30, 2006

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
Breakfast:		
Total Servings - 1970	10.553	\$40,908
Free and Reduced – 1970		<u>187,820</u>
Total Breakfast		<u>228,728</u>
Child Care Food Program	10.558	<u>46,482</u>
Summer Food Service Program	10.559	<u>36,708</u>
USDA Commodities:		
Bonus Commodities	10.550	3,819
Entitlement Commodities		<u>74,938</u>
Total USDA Commodities		<u>78,757</u>
Total U.S. Department of Agriculture (Passed Through MDE)		<u>1,254,173</u>
Total Federal Financial Assistance		<u><u>\$7,011,281</u></u>

- Notes:
1. This schedule was prepared using accounting policies consistent with those used in preparing the Basic Financial Statements.
 2. The amounts reported on the R7120, Grant Section Auditors Report, reconcile with this schedule.
 3. The amounts reported on the Recipient Entitlement Balance Sheet, or PAL Report, agree with this schedule for USDA donated food commodities.

Accrued (Deferred) Revenue July 1, 2005	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2006
	\$34,374	\$40,908	\$40,908	
	154,614	187,820	187,820	
—	188,988	228,728	228,728	—
	13,795	46,482	46,482	
	16,962	36,708	36,708	
	3,818	3,819	3,819	
	101,996	74,938	74,938	
—	105,814	78,757	78,757	—
—	1,083,419	1,254,173	1,254,173	—
\$995,983	\$3,805,392	\$4,141,962	\$4,256,838	\$881,107

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WYOMING PUBLIC SCHOOLS

For the year ended June 30, 2006

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes X None reported
- Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: Yes X No
- Reportable condition(s) identified that are not considered to be material weakness(es)? Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

 Yes X No

Identification of major programs audited:

I.D.E.A. Cluster:

84.027 Flow Through

84.027 Transition

84.173 Preschool

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X Yes No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

WYOMING PUBLIC SCHOOLS

For the year ended June 30, 2006

Section II - Financial Statement Findings

No matters reported.

Section III - Federal Award Findings and Questioned Costs

No matters reported.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

WYOMING PUBLIC SCHOOLS

For the year ended June 30, 2006

Note A - Federal Income Reconciliation

	Grant Expenditures Schedule of Federal Financial Assistance	Federal Revenue Per Financial Statements	Difference
Title I	\$872,915	\$872,915	
Title IIA	188,350	188,350	
Title IID	12,513	12,513	
Title III-English Language Acquisition	75,861	75,861	
Title V	12,792	12,792	
Reading First	112,500	112,500	
Safe and Drug Free Schools and Communities Act	25,715	25,715	
21 st Century Community Learning Center	489,594	489,594	
Service Provider Self Review	4,700	4,700	
I.D.E.A.	1,085,382	1,085,382	
School Based Medicaid	7,467	7,467	
Nutrition Cluster	1,254,173	1,254,173	
	\$4,141,962	\$4,141,962	—

Hungerford, Aldrin,
Nichols & Carter, P.C.

C P A S AND CONSULTANTS

August 18, 2006

The Board of Education
Wyoming Public Schools
Wyoming, Michigan

The following comments pertain to our audit of the financial records of Wyoming Public Schools as of and for the year ended June 30, 2006. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments).

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the District's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Wyoming Public Schools:

Auditors Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Wyoming Public School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Wyoming Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Wyoming Public School's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on Wyoming Public School's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Wyoming Public School's compliance with those requirements.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Wyoming Public Schools are described in Note A to the financial statements.

Difficulties Encountered In Performing the Audit

We encountered no significant difficulties in performing the audit of the financial statements of Wyoming Public Schools for the year ended June 30, 2006. We found the internal control structure and accounting system to be basically adequate and operating in the manner intended.

Audit Adjustments

During the course of our audit the following adjustments of a significant nature were made to the accounting records of the District to bring the balances to those presented in the financial statements:

General Fund

1. \$90,444 and \$78,997 to record and write off current (2005) and prior year (2002) delinquent personal property taxes receivable.
2. \$241,749 and \$177,684 to record and reverse current and prior year deferred revenue for adult education state aid per new Michigan Department of Education requirements.
3. \$160,476 to record the special education reimbursement due from KISD at year-end.
4. \$248,555 to reverse 2004-05 special education tuition out of accounts payable.
5. \$52,718 and \$85,701 to adjust workers' compensation prepaid expenditures and accounts payable to actual at year-end.
6. \$141,857 to classify prior years' FICA withholding to refunds of expenditures in 2005-06.

Food Service Fund

1. \$78,757 to record USDA bonus and entitlement commodities used in 2005-06.
2. \$28,532 to adjust the food service inventory to actual at year end.

Building and Site Fund

1. \$25,455 to classify the interest earned on the land contract receivable to the correct revenue account.

Debt Service Funds

1. \$154,844 to allocate property tax collections to the proper funds and revenue accounts.
3. \$20,030 and \$23,769 to record and write off current (2005) and prior year (2002) delinquent personal property taxes receivable.

Proposed Audit Adjustments

There were no material proposed audit adjustments not recorded by Wyoming Public Schools.

Suggestions and Recommendations

We offered suggestions and recommendations regarding the day-to-day operations of the accounting system of Wyoming Public Schools to the Business Manager and accounting personnel as topics arose during the course of our audit fieldwork. Hopefully, these suggestions will ease the day-to-day operations of the business office and assist in more efficient monthly and year-end financial record keeping and reporting.

Other Comments

The General Fund Balance of the District decreased by \$16,415 to \$5,202,623 at June 30, 2006. This balance represents approximately 10 percent of the District's 2006-07 expenditure budget. Maintaining a fund balance of at least 15 to 20 percent of the ensuing year's expenditure budget is advisable for Wyoming Public Schools, as that percentage seems to be a dividing line between Districts that are required to borrow for cash-flow purposes (and incur interest expenses and loan processing fees) and those Districts that are not required to borrow. This level of fund balance also gives the District more stable operating funds during the year and acts as a buffer against the uncertainty of state aid revenues accruing to the District. In addition, employee benefit costs are expected to increase significantly in the next few years, which will require the use of fund balance reserves considering the expectation of small (or no) growth in state aid revenues.

Our audit this year was again completed under the requirements of Statement on Auditing Standards No. 99 "Consideration of Fraud in a Financial Statement Audit" (SAS No. 99), which requires both auditors and their clients to more directly and openly assess those areas within a school district that might be susceptible to fraudulent activity, which would normally include those areas outside the central office that handle cash, inventory, supplies, etc. This is an important audit standard that requires increased face-to-face discussions/interviews with client personnel and extensive documentation of our findings for future reference. We found that Wyoming Public Schools has a very extensive network of internal controls within its accounting and record keeping system, and found those tested this year to be operating in the manner intended. Working with Wyoming Public Schools business office personnel, we will be testing other control areas each year as a part of our audit, with suggestions and recommendations to follow the testing each year, to assist the District in maintaining and improving its systems.

This communication is intended solely for the information and use of the Wyoming Public Schools Board of Education, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Education as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to Wyoming Public Schools and hope to continue to do so in the future. We also appreciate the dedication and cooperation of the District's administration and accounting personnel in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communications, we will be happy to address them.

Hungerford, Aldrin, Nichols & Bentley, P.C.

Certified Public Accountants